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PERIODICALS

high water

a floodplain management newsletter

Volume 43

July 1991

1991 Flood Season

Since the last edition of *High Water* was published, the amount of moisture Montana has received has changed dramatically. Throughout the state, above-average spring rains followed winter's heavy snowfall.

During this past spring, Montana faced the threat of major flooding if warm weather accompanied the heavy rainfall. The weather remained cool, however, although the abundant rainfall caused minor flooding during the early part of the season.

Late spring saw the rain do most of its damage when a number of flash floods throughout the state caused extensive property damage. A particularly devastating flash flood near Roundup cost one person her life. We offer our condolences to her family and friends.



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Billings Gazette photo by James Woodcock

Gary Settell of Billings gathers rocks to protect his property in the Wilshire Heights area during a flash flood in June.

Montana Department of Natural Resources and Conservation

CRS Workshops Scheduled

It's time for communities interested in applying for the Community Rating System (CRS) to begin the application process. Along with other benefits, the CRS provides a way for communities in the National Flood Insurance Program to obtain flood insurance premium credit for residents. Since the application process is lengthy and at times confusing, the Floodplain Management Section has scheduled workshops to provide community officials with hands-on experience. People from seven interested

communities recently participated in a workshop in Missoula. Two more workshops are scheduled during August:

August 2, 1991 (Friday)
Heritage Inn
1700 Fox Farm Road
Great Falls, Montana

August 14, 1991 (Wednesday)
Eastern Montana College
Banquet A&B Room
Billings, Montana

The one-day free workshops will follow this schedule:

8:00 a.m.	Registration
8:30 a.m.	Workshop begins
12:00-1:00 p.m.	Lunch
1:00 p.m.	Workshop continues
3:00 p.m.	Adjourn

Lyle Koller of Insurance Services Office in Denver, the CRS specialist for Montana, will attend the workshops to provide assistance and answer questions. For more information, call Karl Christians or Gary Fischer at 444-6646. Hope to see you there!

U.S. Congress Acts on House Bill 1236

House Bill 1236, the National Flood Insurance, Mitigation, and Erosion Management Act of 1991, is geared toward reducing the large number of uninsured losses of residential structures from flood damage. One incident that prompted this act took place in Texas, where a substantial flood caused major damage to more than 10,000 structures—only 10 percent of which were covered by flood insurance. The mortgage companies in the area suffered extensive losses.

On May 1, 1991, House Bill 1236 easily passed the U.S. House of Representatives and is currently being considered by the Senate, also expected to pass the bill. The bill's passage may possibly increase the number of future flood insurance policies.

House Bill 1236 is summarized as follows:

Compliance Provisions

Clarifies that federal agencies may not waive the mandatory purchase requirement for any purposes.

Extends the mandatory purchase requirement to all mortgaged structures.

Requires lenders to review their portfolios for compliance unless:

(1) the lender has initiated the escrow of flood insurance and reviewed its loans to the satisfaction of the Secretary of the Federal Entity for Regulation, or

(2) the lender conducts a 5 percent sampling of its loans or a lesser representative sampling and is 95 percent accurate in its flood hazard determination compared to the original determination and has maintained a flood insurance policy on 98 percent of those mortgages determined to be subject to the mandatory purchase requirements.

Allows lenders to charge borrowers a reasonable fee for flood hazard determinations on loan origination and, on a one-time basis, up to 50 percent of the cost to redetermine outstanding loans.

Requires lenders to establish an escrow account for flood insurance for residential real estate loan, if the lender escrows for any other purpose, including homeowners or other hazard insurance, taxes, and mortgage insurance.

Regulators may levy a \$350 fine on lenders who show a pattern and practice of failing to require the purchase of flood insurance; the annual penalty is not to exceed \$100,000 per lender.

Lenders may force-place insurance to avoid penalties, but the lender must provide notice to the homeowner of the mandatory purchase requirement, the availability of flood insurance elsewhere, and the relative costs of individual insurance versus forced-place cost.

Requires development and lender usage of a Standard Hazard Determination form to include map and panel numbers, flood zone, and the date of the map.

(continued on page 4)

Are You Interested in Participating in a Montana Floodplain Management Association?

This questionnaire is intended to determine whether Montanans involved with floodplain management are interested in forming a state floodplain association. The goals of this association would generally parallel those of the national Association of State Floodplain Managers (ASFPM):

- Provide representation for state and local professionals regarding policies and actions related to flood hazard management.
- Facilitate cooperation and information exchange among federal, state, local, and private sector officials concerning innovative ideas and trends in floodplain management.
- Provide an education forum for people involved in floodplain management.

A state floodplain association would provide the following advantages:

- Give its members a better perception of Montana's floodplain management efforts and the chance to develop a more cooperative and harmonious relationship through participation in association activities.
- Bring together people experiencing similar types of floodplain management problems and provide them with a variety of solutions.
- Give its members a strong, united voice to communicate their communities' views to the Montana Legislature.
- Promote a sense of fellowship among groups and individuals with opposing viewpoints that will lead to negotiation of issues rather than floodplain management deadlock.
- Provide one state voice on National Flood Insurance Program issues.

Please answer the following questions:

1. Would you be interested in becoming a member of a Montana floodplain management association? ☐ Yes ☐ No
2. If yes, would you be willing to participate as an officer?
to actively help form the association? ☐ Yes ☐ No

Please fold this questionnaire along the dotted lines, include a return address, staple or tape, and return to:

Department of Natural Resources and Conservation
Floodplain Management Section
1520 East Sixth Ave.
Helena, MT 59620-2301



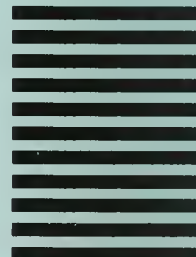
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Changes in Flood Insurance Rating

Effective June 1, 1991

Several changes in flood insurance rating and the amounts of flood insurance available became effective June 1, 1991. The changes are reflected in the table below.

Current policy-holders will not notice any changes until renewal time. Any new policy after June 1 will include the new changes. Questions may be directed to the customer service number in Lanham, Maryland: 1-800-638-6620.

A FEDERAL SERVICE FEE OF \$25.00 WILL BE ADDED TO THE TOTAL PREPAID PREMIUM FOR EACH NEW AND RENEWAL FLOOD POLICY.

NOTE: This fee does not apply to the Preferred Risk Policy.

Basic Limits for Building Coverage Will Increase!

	Basic	Additional	Total Coverage
Single-Family Dwelling	\$ 45,000	\$140,000	\$185,000
Two-to-Four Family Dwelling	45,000	205,000	250,000
Other Residential	130,000	120,000	250,000
Nonresidential	130,000	70,000	200,000
Small Business	130,000	120,000	250,000

Note: This change does not apply to Contents Coverage.

Floodplain Resource Pamphlet Available

The Floodplain Management Section has received copies of a pamphlet titled "Conserving Your Valuable Floodplain Resource" published by the Tennessee Valley Authority.

The pamphlet focuses on balancing conservation with wise use of the floodplain—an important direction for future floodplain management. It also describes the benefits and values of relatively undisturbed floodplain lands; local protection techniques that can be used; how your organization and others can help; and sources of assistance available to public officials and other decision-makers, organizations, and citizens who want to conserve important floodplain resources.

Please call Karl Christians at 444-6654 to receive copies of the pamphlet.

First-Year CRS Applicants Successful

Eight Montana communities have successfully attained a Class 9 rating under the Community Rating System (CRS). This Class 9 rating, effective October 1, 1991, provides a 5 percent discount on residents' flood insurance premiums. Congratulations to the following communities for their efforts: Belt, Cascade County, Circle, Great Falls, Lewis and Clark County, Miles City, Missoula, and Missoula County.

A CRS specialist from Denver is currently verifying these communities' applications for accuracy and Class 8-or-better ratings. Remember, Class 8-or-better rate reductions aren't effective until October 1, 1992.

Nationwide, 330 applicants achieved Class 9 ratings during the first year; Montana is to be commended for receiving eight of those. Once again, congratulations!

Requires lenders to redetermine the original flood hazard determination in the event the lender sells, extends, or changes the loan after a five-year period.

Establishes standard notification requirements and procedures to ensure compliance with the mandatory purchase requirements.

Mitigation Provisions

Establishes an office of mitigation assistance within the Federal Insurance Administration to administer and carry out the coastal and flood mitigation programs.

Creates a National Flood Mitigation Fund, funded by a \$5.00 mitigation surcharge on policyholders per policy term and any available 1362 funding, and any penalties levied on

lenders. The fund is to be used to issue grants to states and communities with approved mitigation plans.

Erosion Management Provisions

Directs FEMA to designate erosion-prone communities. Requires FEMA to gather new and available data on erosion rates and delineate 10-, 30- and 60-year setbacks.

Requires designated erosion-prone communities to adopt setback requirements for new and substantially improved structures in order to be eligible for mitigation grants and relocation/demolition assistance.

Relocation/demolition assistance is funded with \$5 million per year from the National Flood Insurance Fund.

Establishes minimum land use management measures in erosion hazard areas.

Other Provisions

Increases maximum available coverage for all structures.

Provides for the review of Flood Insurance Rate Maps every five years to determine the need to revise and update maps.

Provides free flood insurance maps to lenders, states, communities, insurance companies, and their agents.

Floodplain Management Section Staff:

Gary Fischer, Supervisor

Karl Christians, Community
Assistance Program Manager

Phone: (406) 444-6646/6654/6655



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Montana Department of Natural
Resources and Conservation
1520 East Sixth Avenue
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